

MONTANA INDIANPRENEUR EQUITY FUND

2008 APPLICATION GUIDELINES

MONTANA DEPARTMENT OF COMMERCE
GOVERNOR'S STATE TRIBAL ECONOMIC DEVELOPMENT
COMMISSION
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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**MONTANA DEPARTMENT OF COMMERCE
GOVERNOR'S STATE TRIBAL ECONOMIC DEVELOPMENT COMMISSION
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APPLICATION GUIDELINES FOR 2008 EQUITY PROPOSALS

A. SUMMARY

There is a serious lack of owner's equity available for Native American business owners on the Reservations and among the Indian population of Montana. Owner's equity is defined as the amount of monies invested by the owner in his or her business. Unlike non-native small business owners traditional forms of equity such as family and friends are often not available to the Indian business owner due to widespread poverty. Because of its ability to offer equity to these Native American business owners, the Indianpreneur Equity Fund is able to play a unique role in assisting in the growth of Native American small business. This equity can be used for a variety of activities such as the purchase of new equipment or the development of a new product line. The equity fund requires a minimum of dollar to dollar match which may include additional equity either in cash, in kind, or loan funds such as a tribal loan fund, a micro loan program, or a commercial lender. Examples of in kind match may include inventory, supplies, equipment, tools or vehicles that are part of the activity of the business. In order to determine the success of the program, those businesses that receive funding will be required to provide financial information regarding their business as requested to the Department.

Existing business owners must show how the equity input will support growth in their business either through the development of a new project or with the existing business strategy. This growth must be described in the narrative, financial information (such as leases, contracts, invoices or vendor quotes), and financial projections.

New business owners must show how the equity input will support the success of their start up idea. This must be described in the narrative, financial information (such as leases, contracts, invoices or vendor quotes), and financial projections.

The Department of Commerce working with the Governor's State Tribal Economic Development Commission and the Governor's Office of Economic Development has set aside \$70,000 of Indian Country Economic Development (ICED) funds for the seven federally recognized Indian Reservations and the Little Shell Tribe. Applications will be reviewed by a local lending committee and the Indianpreneur Equity Fund Review Committee. For 2008, each Reservation

and the Little Shell Chippewa Tribe will receive an allocation of \$7,875 in equity funds available to assist businesses. Complete applications will be accepted, for each business, on a first-come, first-serve basis until all Indianpreneur Equity funds have been committed. The funds will be distributed directly to the business. Applications will be recorded with date and time received by the Department and reviewed in order of receipt. **Applications considered incomplete or ineligible will be returned to the applicant and their placement on the list of received applications will be removed.**

Applications that are not typed will not be accepted. Receipt of an application does not imply a commitment for funding from the Montana Department of Commerce (MDOC). Applications will be reviewed for eligibility and appropriateness with state and program requirements.

1. Eligible Applicants

Montana Indianpreneur Equity funds are available only to enrolled tribal members, descendants, and other Native Americans residing on or adjacent to the seven Indian Reservations in Montana and members of the Little Shell Chippewa Tribe. Funding from sources other than the ICED may have provisions that extend the application eligibility to include, for example, Indians that are not residing on the Reservations.

2. Eligible Uses of Funds

Funds can be used for the kinds of activities usually funded by a commercial lender. These activities may include but are not limited to:

- Purchase of land, building and equipment.
- Purchase of assets including furnishings, equipment and technology.
- Working capital for the business.

3. Ineligible Activities

The following activity will not be funded:

- Reimbursement for activities completed prior to submittal of the Indianpreneur Equity Fund proposal.

4. Maximum Funding and Required Match

For 2008, each Reservation and the Little Shell Chippewa Tribe have equity funds available in amounts up to \$7,875. The business owner must provide a match on a 50-50 basis that must be firmly committed by the time the equity funds are released. Firm loan commitments, such as funds borrowed from a local bank, are acceptable forms of match. Equity from the business owner, either in cash or in kind (for example inventory or equipment), is an acceptable form of match. The equity funds requested and the proposed matching funds must be documented in the application.

B. APPLICATION REVIEW PROCESS

Applications for 2008 will be accepted starting on December 1, 2007 (post mark date), by the Montana Department of Commerce-hereafter referred to as the Department. Applications will be accepted on a first come, first serve basis. Applications received prior to December 1, 2007 will not be reviewed. Funding will be available through June 30, 2008. Applications will be accepted through May 31, 2008.

The application process will include a review by a local equity fund review committee and a state level equity fund committee chosen by the Department. After submission to the Department, the application will be reviewed by the local committee composed of members from the local business and business development communities. The committee will include at a minimum one reviewer who is a professional lender. A final review will be made by the Department's Indianpreneur Equity Fund Review Committee whose membership will be determined by the Department.

The following five criteria will be used to evaluate the proposals for potential funding.

1. Quality of the application
2. Business experience of the applicant
3. The financial projections
4. The marketing plan
5. Quality of the match

The documentation will be reviewed under the following criteria:

The documentation required for the equity funds is similar to the criteria required by a bank for a commercial loan. Applications will be accepted on a first come, first served basis until all Indianpreneur Equity funds have been committed. Please provide the following:

- a. A business description that outlines the nature of your business, describes the product or service and its market, and identifies its customers and competition.
- b. A personal profile that outlines the background and experience of each of the principals in a resume.
- c. A proposal that states the equity request and its purpose.
- d. A business summary (including a marketing plan) that outlines the business strategy for the next three years. This will aid the lender and the equity fund in determining whether the business will generate the cash flow needed to operate the business. (Include a three year projection.)
- e. If a loan is included in the match, a repayment plan that proposes to repay the loan or outlines a repayment schedule. (This may be shown in the cash flow describe in the three year projection.)
- f. Supporting documentation that includes copies of pertinent papers that support the information contained in the loan proposal. For example, a lease, contracts, invoices, vendor quotes or letter of reference.
- g. Outline the collateral that the business will use to secure the payment of the loan or as part of the match requirement. Collateral can include either personal or business assets: For example inventory, equipment, accounts receivable, real estate and automobiles.
- h. Tax Returns for last two years if available.
- i. Financial statements both personal and business.

Incomplete applications will not be accepted.

Applicants must submit a completed application form with supporting documentation. **An original and two copies of the application are required. The original application and the copies of the written proposal for an equity fund proposal must be submitted to:**

**Philip Belangie, Manager
Entrepreneur Development Program
Business Resources Division
Montana Department of Commerce
1121 East Broadway, Suite 116
Missoula, MT 59802
Email: pbelangie@mt.gov**

C. DISBURSEMENT OF FUNDING

The funds will be dispersed directly to the business owner by the Department. Funding will only be made upon the final approval of both loan committees.

D. BUSINESS ASSISTANCE RESOURCES

To assist the applicant in the preparation of the application there are two resources available. This assistance does not include preparing the business plan for the applicant—it is essential that business owners understand their business. The assistance is twofold: (1) One on one business counseling; (2) Business management classroom training such as either the *Indianpreneurship* or the *FastTrac* courses. These courses are offered throughout Montana. Attached in Exhibit II are the organizations providing classroom business education in Indian communities, organizations providing business assistance in the Indian communities, and the Small Business Development Centers.

Exhibit I

Applicant Certification and Contact Form

The Applicant hereby certifies that:

ACCEPTANCE OF THE EQUITY FUND PROGRAM REQUIREMENTS

The applicant will comply with all requirements established by the Montana Department of Commerce and applicable State laws, regulations, and administrative procedures.

The applicant accepts the terms, conditions, selection criteria, and procedures established by the Montana Entrepreneur Development Program – Indianpreneur Equity Fund Process and expressly waives any statutory or common law right the applicant may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that the applicant is not selected for an award of Indianpreneur Equity funds.

APPLICANT - CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

Name _____
(Typed Name)

Title _____

Signature _____

Date _____

Phone Number _____

Contact Person for Further Information:

Name _____

Mailing Address _____

Email Address _____

Phone Number _____

Fax Number _____

Amount of Equity Funds Requested \$ _____

Exhibit II

Organizations Offering Business Training on the Reservations: *utilizing *Indianpreneurship, A Native American Journey into Business**

Blackfeet: Browning Community Development Corporation
Crow: Little Big Horn College
Flathead: S&K Holding Company, Inc.
Fort Belknap: Tribal TBIC at Fort Belknap Community College
Fort Peck: Fort Peck Community College
Northern Cheyenne: Chief Dull Knife College
Rocky Boy: Stone Child College
Little Shell Tribe of Chippewa: Little Shell Tribe

Small Business Development Centers in Montana

Billings: Big Sky Economic Development Authority
Bozeman: Prospera Business Network
Butte: Headwaters RC&D
Colstrip: Southeastern Montana Development Corporation
Great Falls: Great Falls Development Authority
Havre: Bear Paw Development Corporation
Helena: Montana Business Assistance Connections
Kalispell: Kalispell Area Chamber of Commerce
Missoula: Montana Community Development Corporation
Wolf Point: Great Northern Development Corporation